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IN THE

Supreme Court of the United States

OCTOBER TERM, 1971

No. 71-315

DEEPSOUTH PACKING CO., INC.,
Petitioner,

v.

THE LAITRAM CORPORATION,
Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

(APPEAL No. 29,776)

PETITION FOR REHEARING

GUY W. SHOUP
Attorney for Respondent
230 Park Avenue
New York, New York 10017

Of Counsel:

WYATT, GERBER & SHOUP
230 Park Avenue
New York, New York 10017

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RESPONDENT'S PETITION FOR REHEARING

Respondent Laitram respectfully urges that this Petition for Rehearing be carefully reviewed, mirrored not only against what Respondent contends to be inconsistencies in and unsupported conclusions of fact and law (or mixtures of the two) in the result and rationale of the majority opinion, but also in light of an event outside of the proceedings of this case.

That event was this Court's *unanimous* opinion in *Brunette Machine Wks.* v. *Kockums Industries* (No. 70-314, June 8, 1972), where this Court recognized, and relied upon, substance and not form in a *patent* case and unanimously held that aliens were not subject to the very strict patent venue statutes and thus could be sued for

patent infringement wherever they might be found. The particular significance of *Brunette* is this Court's *recognition* and *discard* of prior opinions of this Court pertinent to the issue decided in *Brunette,* but supportive of the result *not* reached by the Court ("There is support for petitioner's argument in *broad language* of prior decisions of this Court", *Brunette* v. *Kockums,* Slip Opinion, p. 6). In *this* case, the majority opinion uses as rationale (for the result as it now stands) *broad language* in prior patent decisions of this Court (Slip Opinion, p. 3, 9-11) which is not *remotely related,* in *fact or law,* to the issue before this Court.

The major effect of the majority opinion, as it now stands, is to *totally emasculate* the United States patent system as it might apply to any patented thing made wholly within the United States but made of more than one part or substance and destined for use without the United States. The impetus to invent and discover and then *to disclose to the public* by means of a patent—the primary public policy underlying the patent system—has been dealt a lethal blow insofar as industries which are export-oriented are concerned.

Relief Requested

Respondent's primary request is for a rehearing in this Court, but, in the alternative, it requests a modification of the opinion of the majority to indicate that a contributory infringer (35 U. S. C. § 271(c)) need know only that the "material component" of the patented invention that he sells is especially adapted for use in a device assembled and used within the United States.

Reasons for Rehearing—Direct Infringement

1. The *"patentable invention"* is the thing that must be *made* under § 271(a) to find direct infringement. Congress

has statutorily defined patentable inventions. 35 U. S. C. § 101 is entitled *Inventions Patentable* and reads, in pertinent part: "whoever invents or discovers any new . . . *machine* [i.e. a complete automatic deveiner] . . . may obtain a patent therefore". In the teeth of this statutory definition, the majority opinion holds that there was no *machine* made. This, in a context of facts including, *inter alia*, that telling telegram from Petitioner to its customer: "MACHINE COMPLETE TOMORROW" (A: 317-318, 367). That cable meant *complete* in New Orleans—not in Sao Paulo. What is expressly declared as *patentable* by the Patent Laws is the *machine* and *not* the "combination". The word "combination" does *not* appear in either 35 U. S. C. § 101 *or* in § 271(a).

2. The majority opinion states that Respondent "does not . . . adequately explain why it does not avail itself . . ." of its one foreign patent in Brazil (a patent on the "slitter"). (Slip Opinion, p. 14). Respondent, as does this Court, believes that all legal disputes should be settled in a single and most convenient forum between the *real* parties in interest to the dispute. Here the central dispute, the dispute of *substance and meaning*, is between Petitioner and Respondent, not between Respondent and one of its past (and present and hopefully future) customers in Brazil. The result puts Respondent in the position of being *forced* to sue past and/or present customers in different countries where it has foreign patents. To bring a lawsuit where there is but one infringing machine in a foreign jurisdiction is to incur legal fees greater than the value of the machine; additionally, rich and litigious holders of patents in many countries can sue a United States exporter in country after country wherever he might be found.

3. As far as the intent of Congress is concerned, the drafters of the 1952 Patent Act had before them both

Andrea I (an opinion on an interlocutory appeal heard by a panel of only *two* judges, 79 F.2d at 627) *and Andrea II*, but neither is mentioned in any of the Act's legislative history. *Andrea II* explicitly states that direct ". . . infringement *may not be avoided* by a separation or division of parts which leaves to the purchaser a simple task of integration." (90 F.2d at 612). It has very recently been forcefully argued that the intent of Congress points exactly the other way, namely that Congress "codified" *Andrea II* and not *Andrea I*. See Comment, *Tightening The Screws on Minor Assemblies Abroad: The Meaning of "Makes" Under the Patent Infringement Statute*, 57 Iowa L. Rev. 889 ff. (1972). The relevant pages of that Comment are reproduced as an Appendix to this Petition. Senator McCarran's very general statement on the floor of Congress, against the background, is *far* from a "clear and certain signal" that Congress intended to "codify" *Andrea I*.

Internal Inconsistencies In Opinion

The majority opinion's failure to recognize that the *"patentable invention"* (35 U. S. C. § 271(a)), a *"machine"*, (35 U. S. C. § 101) was *made* (35 U. S. C. § 271(a)) within the United States is sharply focussed by that opinion's interchangeable selectivity in its use of *machine* and "combination". The opinion *does not say that:*

—Petitioner and Respondent both hold patents on "combinations", the opinion says they hold patents on *machines* (Slip Opinion, p. 1);

—there are competing "combinations", the opinion says competing *"machinery"* (Slip Opinion, p. 2);

—Petitioner is distributing and using "combinations", the opinion says that Petitioner is distributing and using *machinery* (Slip Opinion, p. 2);

—Laitram was held to have valid patents for "combinations", the opinion says Laitram was held to have valid patents for *machinery* (Slip Opinion, p. 2);

—1954 patent was a "combination", the opinion calls it a *machine* (Slip Opinion, p. 2);

—past exportation of parts was of a "combination", the opinion says parts of a *machine* (Slip Opinion, p. 2, f.n. 2);

—the "combinations" were developed by two brothers, the opinion says the *machines* were developed by two brothers (Slip Opinion, p. 4);

—the judgment of the District Court foreclosed Petitioner from marketing "combinations", the opinion says Petitioner was foreclosed from marketing *deveiners* [i.e. machines], (Slip Opinion, p. 5., (twice));

—Petitioner's equipment was a "combination", it calls the equipment *machines* (Slip Opinion, p. 6 (four times)).

Then (Slip Opinion, p. 10), it is said that "the sales question thus resolves itself into the question of *"manufacture"*, which the president of Petitioner admits it *did* (A: 286); cf. that telegram from Petitioner to its customer: "MACHINE COMPLETE TOMORROW" (A: 317-318, 367). So, if "the combination is the thing", it only becomes the "thing" when orientation is toward a certain result and away from the reality of the commercial transaction, where "the *machine* is the thing".

Reasons for Modification of Opinion—Contributory Infringement

1. The Court did not specifically rule on the issue of contributory infringement, but has, in effect, added yet another dimension to the "knowledge" requirement of contributory infringement defined by this Court in *Aro Mfg. Co.* v. *Convertible Top Co.*, 377 U. S. at 488-489 (1964).

In this case, if a father buys a knocked-down coaster wagon (a *machine,* 35 U. S. C. § 101) for his son or a knocked-down doll house (an *article of manufacture,* 35 U. S. C. § 101) for his daughter in a store in New York, then spends his Christmas Eve "finally-assembling" in Canada, Mexico or on Pitcairn Island, there is *no* infringement by anyone (the toy-maker, the storekeeper or the father) of a United States patent.

The added burden placed on the patentee of an item sold in "knocked-down" condition is that he must prove that the contributory infringer (the seller), knew *where* the "knocked-down" device he sold *was going to be put together,* or, more particularly, that he knew it was going to be put together "within the United States".

This is an extension of the requirement of the majority in *Aro Mfg. Co.* v. *Convertible Top Co.,* 377 U. S. at 488-489 (1964) that the alleged contributory infringer know that the convertible tops for which his replacement fabric was bound were *both* patented and infringing (Justices Harlan, Brennan, Stewart and Goldberg, dissenting). That, it seems, is asking too much.

The situation obtains regardless of whether what the seller is selling is a part or parts for an offshore oil rig or an orange juice squeezer. The better view is the minority view in *Aro Mfg. Co.* which requires only that the "component was especially designed for use in a combination and was not a staple article suitable for substantial other use", 377 U. S. at 489. Under that view, Deepsouth would be liable regardless of *where* the components were put together.

2. The opinion has the effect of equating an "old element" (of a "combination") with a "staple article of commerce" under 35 U. S. C. § 271(c). They are *not* the same.

—"Special Stainless Steel Deveiner Blades" (See R. Br. App. D-2,), specially dimensioned, are *not* staple articles of commerce;

—a specially shaped trough with shallow sides especially fitted with blade holders to receive the specially dimensioned blades is *not* a staple article of commerce;

—a pipe of a certain diameter and a certain length with holes of certain diameter punched at certain intervals is *not* a staple article of commerce; and

—a specially dimensioned (as to both length and width) stainless steel belt with a certain size of lips punched therein is *not* a staple article of commerce.

None of these items, as they are supplied for the infringing machines, is a "staple article of commerce".

Conclusion

The question at issue before this Court is very simple. The opinion of the majority countenances and approves of larceny of "personal property" (which patent rights are, 35 U. S. C. §261).

Where is equity? Why did it arise in the first place? The reasoning and result in this case as it presently stands sembles the constrictions of common law pleading.

Basic policy arguments have not been confronted. The decision, as it stands, has a *chilling* effect on new, small and unsophisticated inventors and their backers, without the knowledge, forsight or resources to secure foreign patent protection, or, assuming they had foreign patent protection, the resources and will to engage in patent litigation against past, present or future customers (over as little as one item) in jurisdictions having other legal traditions. Additionally, it completely forecloses from protection the American patentee who, by happenstance, produces or arranges to manufacture his invention within the United States when the invention is useful *only*, or primarily, in a foreign country or countries.[1] This would

[1]An irony in the present result is that what Deepsouth's foreign customer does (the "final assembly") would not constitute sufficient "manufacture" to constitute "working" a patent in Great Britain or Canada. *Johnson's Patent*, 26 R. P. C. 52, 56 (1909); *Hill's Patent* 32 R. P. C. 475 (1915); XIV Fox, *Canadian Patent Law*, 4th ed.).

obviously encompass much machinery utilized both in extractive industries and in agriculture.

Respondent respectfully submits that the Court's decision, as it now stands, does not comport with the reality of the telegram: "MACHINE COMPLETE TOMORROW".

A rehearing should be granted.

Respectfully submitted,

GUY W. SHOUP
Attorney for Respondent
230 Park Avenue
New York, New York 10017

Of Counsel:

WYATT, GERBER & SHOUP
230 Park Avenue
New York, New York 10017

APPENDIX

Excerpts From Comment, Tightening the Screws on Minor Assemblies Abroad: The Meaning of "Makes" Under the Patent Infringement Statute (57 Iowa L. Rev. 889, 893-895 [1972]).

By considering, in *Laitram,* the economic reality of Deepsouth's manufacture of the constituent elements of the deveining machine and subsequent sale to a foreign company for minor final assembly, the Court of Appeals for the Fifth Circuit not only correctly interpreted case-law precedent, but also followed the legislative intent and history behind section 271 of the patent statute.[41] In order to prove direct infringement under section 271(a) the patentee must prove that the alleged infringer "makes" the article within the United States.[42] The controversy turns around what definition Congress intended to be given "makes"; a technical one of complete and full assembly, or a realistic one of completed manufacture of constituent parts with only minor final assembly remaining as was Deepsouth's practice.

In this analysis of congressional intent is is important to note that section 271 is a new section which was not in force when the two *Andrea* cases were decided.[43] Prior to that time there was no congressional declaration of what constituted infringement under the old statutes.[44] Although *Cold Metal* and *Hewitt-Robins* were decided after the statute was passed in 1952, neither discussed the impact of the new statute but merely followed the decision reached in the *Andrea I* case.[45] Therefore, *Laitram* is the first independent analysis of the scope of the patent statute.

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[41]35 U.S.C. § 271 (1971).
[42]35 U.S.C. § 271 (1970).
[43]Act of July 19, 1952, Pub. L. No. 593, ch. 28, § 271, 66 Stat. 811 (1952).
[44]H.R. Misc Rep. No. 1923, 82d Cong., 2d Sess. 9 (1952).
[45]*See* text accompanying notes 30-39 *supra.*

Considering this state of affairs together with an analysis of the legislative history behind section 271, reveals that the decision reached in the *Laitram* case represents an attempt by the Fifth Circuit to follow the congressionally expressed mandate of expanding the protection against patent infringement. The legislative documents concerned with section 271(a) evidence an intent by Congress to implement a more realistic infringement policy than that laid down in *Andrea I* and followed in *Cold Metal* and *Hewitt-Robins*. The senate reports on the legislative hearing expressly declare that, because there had been a number of conflicting and contradictory decisions in the infringement area, Congress felt it was necessary to codify the principles of patent infringement which most effectively aid the purpose for patents.[46] This congressional purpose was to extend the scope of the right to exclude infringers from making, using, or selling the patented invention for the duration of the patent.[47]

Specific evidence supporting this congressional expression of protection against patent infringement is offered by section 271's contributory infringement provisions.[48] It is clear from the hearings on section 271 that Congress specifically rejected a number of court decisions which had severely limited the doctrine of contributory infringement.[49] Despite the fact that it was specifically pointed out to Congress that the proposed provisions were contrary

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[46]S. Misc. Rep. No. 1979, 81d Cong., 2d Sess. 8 (1952).

[47]*See id.*

[48]35 U.S.C. §§ 271(c), (d) (1970).

[49]*Hearings on H.R. 3760 Before Subcomm. No. 3 of the House Comm. on the Judiciary*, 82d Cong., 1st Sess., ser. 9, at 159 (1951). To fully understand how Congress intended to clarify this situation, however, it is necessary to understand the pre-1952 case law on how the doctrine of contributory infringement developed. The doctrine made its appearance in Whitney v. New York Scaffolding Co., 224 F. 452 (8th Cir.), *cert. denied*, 239 U. S. 640 (1915). This case held that one who makes and sells one element of a patented combination, with the intention and for the purpose of bringing about its use in a

to prior case law which had limited the doctrine,[50] section 271 was passed without amendment.[51] Thus, it is readily apparent from this passage of section 271 that Congress intended to broaden the protection offered a patentee against contributory infringement.

In keeping with this congressional protection against infringement is the reasonable inference that if Congress had not intended to codify the decision reached in *Andrea II*, they would have specifically passed a provision

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patented combination is guilty of contributory infringement, and is equally liable with the one who in fact organizes the completed combination. *Id.* at 459. Therefore, the intent of the manufacturer is the decisive factor in showing a contributory infringement. However, the doctrine of contributory infringement is limited to situations where the articles sold were either components of a patented invention, or had no independent use from the patented combination, or were so used as to constitute infringement. Cortelyou v. Charles E. Johnson & Co., 145 F. 933, 934-35 (2d Cir. 1906). It has not been extended to apply to ordinary and staple articles of commerce used in connection with the patented machine; either by case law, *id.* at 935, or by the present statute, 35 U. S. C. § 271(c) (1970). Thus, an article which has a use independent of its use in the patented invention would not fall within the contributory infringement doctrine unless sold with the intent that it be used in the patented invention.

In 1944, the Court in Mercoid Corp. v. Mid-Continent Inv. Co., 320 U. S. 661 (1944), however, completely destroyed the significance of the doctrine of contributory infringement. That case held that the owner of a system patent may not use it to secure a limited monopoly of an unpatented device employed in practicing the invention even though the unpatented device is itself an integral part of the patented system and has no use independent of the patented combination. *Id* at 665. Thus even if another company manufactured the unique and vital components of a patented machine, they could escape infringement after the *Mercoid* decision, as long as they did not manufacture all of the elements of the patented invention. No longer was intent to manufacture and sell an integral component of a patented combination in violation of the contributory infringement doctrine. The *Mercoid* rule was still in effect and being followed by some of the lower courts when Congress resurrected the doctrine of contributory infringement in section 271(c). *See* Stokes & Smith Co. v. Transparent-Wrap Mach. Corp., 156 F. 2d 198 (2d Cir. 1946); Stroco Prods., Inc. v. Mullenbach, 67 U. S. P. Q. 168 (S. D. Cal. 1944).

[50] *Id.* at 158-62.

[51] Aro Mfg. Co. v. Convertible Top Replacement Co., 365 U. S. 336, 378 n. 7 (1961) (Harlan, J., dissenting).

which would have overruled that decision. As evidenced by its treatment of contributory infringements, when Congress intended to overturn the existing law they passed a specific statute to accomplish that purpose. This failure, however, to overrule the existing law of the *Andrea II* case is additional evidence of congressional acceptance of its expressed treatment of the problem of the manufacture of constituent elements with a mere minor assembly abroad.[52] Thus, it is reasonable to conclude that *Laitram* was the correct interpretation of direct patent infringement which Congress wished to codify when they passed section 271.

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[52]Radio Corp. of America v. Andrea, 90 F. 2d 612, 613 (2d Cir. 1937).

(Slip Opinion)

NOTE: Where it is deemed desirable, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Lumber Co.*, 200 U.S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

DEEPSOUTH PACKING CO., INC. *v.* LAITRAM CORP.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

No. 71-315. Argued April 11, 1972—Decided May 30, 1972

Petitioner is not foreclosed by 35 U. S. C. § 271 (a), which proscribes the unauthorized making of any patented invention within the United States, from making the parts of shrimp deveining machines (for which respondent was adjudged to have valid combination patents) to sell to foreign buyers for assembly by the buyers for use abroad. The word "makes" as used in § 271 (a) does not extend to the manufacture of the constituent parts of a combination machine, and the unassembled export of the elements of an invention does not infringe the patent. *Radio Corp. of America* v. *Andrea*, 79 F. 2d 628. Pp. 2–14.

443 F. 2d 936, reversed and remanded.

WHITE, J., delivered the opinion of the Court, in which DOUGLAS, BRENNAN, STEWART, and MARSHALL, JJ., joined. BLACKMUN, J., filed a dissenting opinion, in which BURGER, C. J., and POWELL and REHNQUIST, JJ., joined.